

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

JUL 14 1995

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of

Interconnection and Resale Obligations
Pertaining to Commercial Mobile
Radio Services

CC Docket No. 94-54

DOCKET FILE COPY ORIGINAL

Reply to Comments

Allnet Communication Services, Inc. (Allnet) strongly opposes those parties who seek to restrict resale of CMRS services, such as cellular services. It is incomprehensible how this Commission could adopt such an anticompetitive policy, in light of the experiences that this Commission has had in both competitive and monopoly portions of the industry. For example, the FCC has only recently slapped AT&T, a firm subject to much competition, with fines for having thwarted resale of its services.¹ Thus, the specious claims of AT&T, and others, alleging that competition necessarily eliminates the need for a policy against prohibitions on resale are clearly not based on real-world facts.

Of critical note is that no party sets forth any valid claim that prohibitions of bans on resale will materially hurt competition. The arguments typically claim only that resale will occur, thus no prohibitions on resale bans are needed. Assuming that resale will occur, as these parties claim, then having a policy prohibiting bans on resale should not have any adverse effect because (if these commenters assertions are correct) no competitive firm will ever bar resale

The fact of the matter is that CMRS services, such as cellular, are far from

¹e.g., Notice of Apparent Liability for Forfeiture and Order to Show Cause, AT&T Communications, Apparent Liability, FCC 94-359, released January 4, 1995.

No. of Copies rec'd 046
List ABCDE

models of full competition. There continue to be substantial barriers to entry. For example, there is no number portability for cellular customers. Thus changing a carrier requires changing one's telephone number. In fact, many cellular providers require that a customer change their number simply to change to a reseller of that same cellular provider. The FCC has found that "number portability promotes competition between telecommunications service providers by allowing customers to respond more readily to service and price differences among competing providers. Number portability also promotes significant public interest benefits by providing consumers with great personal mobility and flexibility in the way they use telecommunications services." Commission Seeks Comment On Telephone Number Portability, CC Docket No. 95-116, RM 8535, Report No. DC 95-99, July 13, 1995. Until there is at least number portability between cellular providers, there is significant market power for cellular providers that, in turn, provides strong incentives to discriminate among customers and to protect that discrimination by inhibiting resale.

Moreover, the best parties to promote the benefits of resale are the facilities based competitors given that they can easily resell using their existing sales and distribution channels in the areas where their competitors exist. Thus, not surprisingly, the facilities based competitors seek to bar resale by the very parties who are in the best position to resell, and thus capitalize (as a proper reward for their market-correcting arbitrage), on discrimination by a facilities base competitors. In sum, promoting resale by all entities should be the policy of this Commission. Any other outcome would be inefficient.²

²AT&T makes the ridiculous argument that PCS providers should be barred from resale in order to assure that they "buildout" in rural and sparsely populated areas. AT&T at 28. This makes no economic sense. If it is more efficient for a PCS provider (who already bought spectrum) to

Similarly, interconnection, including equal access, must be promoted in order to minimize the exercise of this market power. There can be no argument with the concept that CMRS providers provide reasonable interconnection, pursuant to 47 U.S.C. §201(b) and non-discriminatory access, pursuant to 47 U.S.C. §202(a).

The bottom line is that resale and reasonable interconnection are good -- no party credibly disagrees with that. Thus, a policy of promoting what is good -- namely resale -- is also good. What is wrong with that? Only the incumbents who are to be resold seem to have a problem with that. Not surprisingly.

Respectfully submitted,
ALLNET COMMUNICATION SERVICES, INC



Roy L. Morris
Regulatory Counsel
1990 M Street, NW, Suite 500
Washington, D.C. 20036
(202) 293-0593

Dated: July 14, 1995

resell its competitor in a certain area, then the market is saying that the economies gained by placing the combined services on one system significantly exceed the benefits of "autonomy" that the new entrant would enjoy by building its own system in those areas. At the same time, the additional traffic on the incumbent's system benefits all customers by driving down the marginal cost of the incumbent for serving customers in those rural and sparsely populated areas. Thus, what purpose, other than an anticompetitive purpose, would be served by barring resale by a facilities based competitor?

Certificate of Service

I, Roy L. Morris, hereby certify that I have caused to be served on this date, a true copy of the forgoing Allnet brief by postage-prepaid first class mail to the parties on the attached service list.



July 14, 1995

Albert Lewis
AT&T
Room 2255F2
295 North Maple Avenue
Basking Ridge, NJ 07920

Judith St. Ledger Roty
Reed Smith Shaw and McClay
1200 18th Street, NW
Washington, DC 20036

Larry Blosser
MCI
1801 Pennsylvania Ave., NW
Washington, DC 20006

Peter Tyrrell
SNET Cellular Inc.
227 Church Street
New Haven, CT 06510

Michael Shortley
Frontier
180 South Clinton Avenue
Rochester, NY 14646

Edward Wholl
NYNEX
1111 Westchester Avenue
White Plains, NY 10604